

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice DAP-143

For: State and County Offices

2002 Livestock Compensation Program (LCP) Clarifications

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

The 2002 LCP provides assistance to certain livestock owners and lessors in counties that have been named after January 1, 2001, under a **primary** Secretarial disaster designation because of **drought**. Counties designated as contiguous counties are **not** eligible for LCP.

Signup began October 1, 2002, and payments were authorized to be issued, as applicable, beginning October 8, 2002.

B

Purpose

This notice provides:

- a definition for livestock headquarters operation
- instructions for determining gross revenue
- additional information for 2002 LCP
- revised definition for ineligible producer.

Disposal Date

April 1, 2003

10-16-02

Distribution

State Offices; State Offices relay to County Offices

2 Livestock Headquarters Operation

A

Definition of Livestock Headquarters Operation

A livestock headquarters operation is the normal physical location of any of the following for eligible livestock:

- storage site of feed supplies that provides immediate access for winter feeding or for nongrazing eligible livestock
- buildings, yards, and corrals used for housing, feeding, loading, unloading, or holding livestock
- confinement buildings that house eligible livestock.

If none of the above are applicable, the livestock headquarters operation shall be considered the physical location where the eligible livestock are normally located for the majority of a calendar year.

Note: The livestock owner is not required to live at the livestock headquarters operation.

Important: An owner's mailing address, if different from the livestock headquarters operation, shall **not** be used to determine eligibility.

If an owner's mailing address is a location in an approved county, and the owner's livestock headquarters operation is not physically located in an approved county, the owner is **ineligible**.

B

Examples for Livestock Headquarters Operation

The following are examples of livestock headquarters operation situations.

Example 1: Mr. Smith lives in Omaha, NE, (which is in a county eligible for LCP) and owns a 40 acre farm in an ineligible Iowa county. Mr. Smith owns 15 stock cows that he keeps on the farm in the ineligible Iowa county. Mr. Smith's mailing address in the County Office in the ineligible Iowa county is his Omaha address (which is in the eligible county).

Mr. Smith **is not** eligible for LCP for the 15 stock cows.

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2 Livestock Headquarters Operation (Continued)

B

Examples for Livestock Headquarters Operation (Continued)

Example 2: Owner Jones lives in an eligible county. His corrals and winter feed, winter feeding facilities, and calving pasture are located in an eligible county and considered the livestock headquarters operation. His beef cows, bulls, and calves were on pasture from May until September 15 in an ineligible county, then sold.

Owner Jones **is eligible** for LCP, for the eligible livestock, provided all other eligibility requirements are met.

Example 3: Owner C has a livestock operation headquarters #1 (corrals and winter feed supply, and calving pasture) physically located in an **ineligible** county, and 200 stock cows that use livestock operation headquarters #1, that are grazed in an **eligible** county.

The 200 cows that use livestock operation headquarters #1 are **ineligible** for LCP.

Example 3A: Owner C also owned 150 yearlings that used livestock operation headquarters #2 (corrals and pasture) that are physically located in an **eligible** county. The 150 yearlings were purchased May 15, 2002, and sold September 1, 2002. (The yearlings were never physically located at headquarters location #1.)

Owner C's 150 yearlings that used livestock operation headquarters #2 are **eligible** for LCP, provided all other eligibility requirements are met.

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3 Determining Gross Revenue for 2002 LCP

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Annual Gross Revenue

This table provides guidance about the amount of gross revenue included in determining a “person” gross revenue.

IF the total gross revenue received by the “person” is...	THEN the annual gross revenue for the “person” is the total gross revenue received from...
more than 50 percent from farming, ranching, and forestry operations	farming, ranching, and forestry operations in the preceding tax year.
less than 50 percent from farming, ranching, and forestry operations	all sources in the preceding tax year.

Note: “Person” determinations shall:

- be made according to 7 CFR part 1400 subpart B, and 1-PL, Part 2, Section 6
 - include all entities in which the individual or entity has interest, whether or not these entities are engaged in farming.
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Gross Revenue Limit

A "person" earning benefits under 2002 LCP must have a qualifying gross revenue of \$2.5 million or less for the preceding tax year.

Note: The County Office shall review the certification statements on FSA-553 about the gross revenue limit with each owner before obtaining the owner's signature.

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3 Determining Gross Revenue for 2002 LCP (Continued)

C

COC Review of Gross Revenue

COC shall:

- review County Office records and use personal knowledge of the “person” interest to determine whether COC is satisfied that the “person” is **not** likely to have exceeded the \$2.5 million gross income threshold
- identify those “persons” for whom COC has insufficient information to determine whether the qualifying gross revenue limitation has been exceeded.

Notes: Notify these “persons” that evidence of eligibility must be provided.

Evidence may be whatever is required for the reviewing authority to establish eligibility.

The reviewing authority may accept documentation from a certified public accountant **if** the documentation provides sufficient evidence for COC to determine that the “person” gross income does not exceed \$2.5 million.

- document in COC minutes the cases reviewed, determination made, and basis for determinations.

Note: COC’s shall not require income tax returns. However, COC must be satisfied that the “person” has not exceeded the \$2.5 million qualifying gross revenue limitation. The producer may provide whatever documentation is needed to establish eligibility.

COC shall ensure that payments are issued to only “person” who have satisfactorily established eligibility for payment.

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4 Additional Information for 2002 LCP [I grouped all the extra information in this paragraph.]

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Eligible Livestock Producers and Entities

An eligible livestock owner for 2002 LCP owns or jointly owns eligible livestock and is either of the following:

- possesses a beneficial interest in eligible livestock, and has financial risk in the eligible livestock, and is a citizen of, or legal resident alien in, the United States
- is a farm cooperative, private domestic corporation, partnership, or joint operation in which a majority interest is held by members, stockholders, or partners who are citizens of, or legal resident aliens in, the United States, if this cooperative, corporation, partnership, or joint operation owns or jointly owns livestock.

An eligible livestock producer for LCP purposes may also include any of the following entities engaged in livestock production:

- Indian tribe of the Indian Self-Determination and Education Assistance Act
 - Indian organization or entity chartered under the Indian Reorganization Act
 - economic enterprise under the Indian Financing Act of 1974.
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Livestock Sold and Purchased on June 1

If the same livestock are sold on June 1, 2002, by an eligible producer and purchased on June 1, 2002, by an eligible producer, both the buyer and the seller may be eligible for LCP assistance on the same livestock, provided all other eligibility requirements are met.

Example: John's headquarter's livestock operation is located in an eligible county. John sold 300 cows and 10 bulls that he owned for 2 years on June 1, 2002. Bill purchased John's 300 cows and 10 bulls on June 1, 2002, and owned them for 90 full days after June 1, 2002. Bill's livestock headquarters operation is also located in an eligible county. Both John and Bill may be eligible for LCP assistance on the same 300 cows and 10 bulls, that were bought and sold on June 1, 2002, provided all other eligibility requirements have been met.

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4 Additional Information for 2002 LCP

C

Revised Definition of Ineligible Producer

An ineligible producer is an entity or individual:

- who does not own eligible livestock
- whose livestock operation headquarters is **not** located in an eligible county
- who is a livestock owner that slaughters, processes, and packs meat and meat products.

Note: This definition of ineligible producer revises the definition provided in Notice DAP-140, subparagraph 2 J. Livestock owners who also custom feed livestock may be eligible for LCP benefits on their own livestock, provided all other eligibility requirements are met.

D

Completing FSA 553-A

County Offices have the option to complete FSA-553-A at the time of sign-up or after the producer is selected for random spot check. FSA-553-A is used for random spot checks only.

Farm visits shall be conducted to verify the certified number of eligible livestock. Document the determined number of head at time of spot check and any differences found on FSA-553-A.

E

Payments Software

Counties shall begin making payments after installing County Release No. 495-S.
